

MEMORANDUM

TO: Audit Committee
Jon Strinden
Weldee Baetsch

FROM: Jamie Kinsella, Internal Auditor

DATE: January 8, 2004

SUBJECT: **November 19, 2003 Audit Committee Meeting**

In Attendance:

Jon Strinden via conference call
Weldee Baetsch
Sparb Collins
Jamie Kinsella
Sharon Schiermeister

The meeting was called to order at 1:35 p.m.

I. August 13, 2003 Audit Committee Minutes

The audit committee minutes were examined and approved by the Audit Committee.

II. Goals and Objectives Project Update

The updated goals and objectives report on the activities that occurred during the last quarter in the internal audit division was included with the audit committee materials.

III. Administrative

- A. Quarterly Audit Finding Status Report – There has been no change since the last meeting.
- B. 2004 Audit Committee Meeting Dates – The proposed schedule for the 2004 audit committee meetings was included with the audit committee materials. Discussion followed. The dates were amended and will be submitted to the Secretary of State's office.
- C. Internal Audit Report for the Fiscal Year Ended June 30, 2003 – Included with the audit committee materials was a copy of the Internal Audit Report for the fiscal year ending June 30, 2003. Discussion followed. A final copy will be presented in February with the following changes: 1) change title to Internal Audit Division Annual Report; 2) Update information through December 2003. This report will be submitted annually in February.

- D. Internal Audit Plan for Fiscal Year 2004 – Included with the audit committee materials was a copy of the Internal Audit Plan. If approved, the final copy will be signed by Ms. Kinsella and Mr. Strinden. Discussion followed. The Audit Plan was approved. Mr. Strinden will return his copy with his signature. This report will be submitted for approval annually in November.
- E. Conflict of Interest Statement – The Conflict of Interest Statement for the Auditor, Executive Director, and Audit Committee was routed at the meeting for signatures. This document is updated annually and kept in the personnel file. In the future, this will be done in February in conjunction with the annual evaluation.

IV. Miscellaneous

- A. February 2004 Audit Committee Meeting Date and Time – The February 2004 audit committee meeting is scheduled for Thursday, February 12, 2004 at 10:30am in the NDPERS Conference room, Wells Fargo Bank Building.
- B. Presentation of Audit Report by Eide Bailly – Ms. Barb Aasen reviewed the June 30, 2003 audit report. Ms. Schiermeister further explained the management responses to the management letter. Discussion followed. Ms. Aasen informed the audit committee that Mr. Al Klein, partner, will present the audit report to the Board in December.
- C. Internal Auditor Web Sites – One of the goals of the Internal Audit Division was to research and develop a web page for the Internal Auditor. Following the discussion at the last audit committee meeting it was requested to provide information from other retirement systems that have an Internal Audit Section. Included with the audit committee materials were materials from Missouri, Florida and Washington states. Discussion followed. Mr. Collins suggested adding information to the web site that would include the Charters and the Annual Work Plan for member's reference. Ms. Kinsella will work with the NDPERS IT staff on this.
- D. Tone at the Top – Included with the audit committee materials was a copy of the November 2003 Tone at the Top publication. This was for information only.
- E. Publications – Included with the audit committee materials was an article by Kathleen Hall that was printed in the August 2003 Government Finance Review. This was for information only.
- F. Eide Bailly LLP Handout: Audit Committee Checklist – When Eide Bailly held their exit conference with staff, they included a handout for the audit committee. This handout was provided to the audit committee and discussion followed. Ms. Kinsella suggested that the Audit Charters should be reviewed annually. Mr. Collins inquired if this was included in the Audit Plan. Ms. Kinsella indicated it was under Special Projects. Ms. Kinsella will review the Audit Committee Checklist and determine if there are areas which the audit committee should take action on.
- G. Annual Meeting between Internal Audit and Audit Committee – The annual meeting between the audit committee and the internal auditor was held.

The meeting adjourned at 2:30 p.m.